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February 15, 1972

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J. Owen Zurhellen, Jr., Esq.
American Embassy
Tel Aviv

Dear Owen:

Thank you for your letter of February 9, detailing your latest Liberty representations. The reaction of Michael to them seemed encouraging. Let us hope it signals an Israeli readiness to proceed with dispatch to try to lay the matter to rest at long last.

All the best.

Sincerely,

H. H. Stackhouse
Country Director
Israel and Arab-Israel Affairs

DEPARTMENT OF STATE A/CDC/MR
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EMBASSY OF THE
UNITED STATES OF AMERICA

Tel Aviv, Israel

February 9, 1972

CONFIDENTIAL

Mr. H. H. Stackhouse
Country Director
Israel and Arab-Israel Affairs
Department of State
Washington, D. C.

Dear Stack:

In accordance with Tom McAndrew's letter of January 5, I saw Michael Elizur February 8 and discussed the Liberty claim with him further. I had delayed this long because I wanted to get the problem of the American ship in the Red Sea out of the way entirely before I took up the Liberty again.

I told Michael that since November the Embassy had been working with the Department to find a way to get the Liberty claim settled once and for all. Although we had thought that the Embassy officer delivering our note of July 1, 1968 had indicated a willingness to discuss the claim on a technical basis by experts, we agreed with Michael that the record was silent on this point. I told Michael that the Department had agreed to eliminate the idea of "technical experts" as a necessary basis for discussions and that we now proposed that discussions should begin as soon as possible to bring an end to the matter on whatever basis could be found mutually advantageous.

I said that we asked the GOI to appoint one or more persons to take part in discussions who would be able, ad referendum, to come to an agreement with us. I said we would be in a position to designate persons ready to do the same. Michael

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asked whether they would be able to introduce arguments other than technical ones concerning the extent of the damage. I replied that either side should be able to introduce whatever arguments it could to persuade the other side of its point of view.

Michael said that one of his biggest problems was that there were people in the GOI who felt that their Embassy in Washington had acted too quickly in accepting full responsibility for the attack and promising full compensation; if they had known then what they learned later, these people would not have taken the full responsibility. I told him that these arguments were completely irrelevant: the ship had every right to be where it was under international law and internal American decisions which might have moved it elsewhere were our business alone and not relevant to the question of Israeli liability for the attack. In any event, moreover, the GOI had accepted the full responsibility and had promised compensation, and we were entitled to rely on its statements. Michael agreed completely and said he was only trying to indicate the problems he has with others.

Michael asked whether I could give him on a personal basis any idea of the final amount we would want. I replied that I did not believe that we would hold out in the end for the full amount which we had demanded; on the other hand, a token payment such as one hundred thousand dollars was clearly not acceptable. The final figure would come between these two extremes and would depend on the ability of the respective negotiators to convince each other. It would, however, have to be a figure which was related to our claim in a reasonable way and one which could be justified not only internally within the United States but also in relation to any other similar problem which might arise with any third country.

I noted to Michael the extensive U.S. aid which was granted to Israel last year and which is in the mill for this year, including the fifty million dollar grant amount. I made a strong plea for the GOI to look at the Liberty claim in terms of our overall relationship and of the need to get this irritant out of the way as rapidly as possible. He said that he would put my representations to the relevant authorities at once.

With all best wishes,

Sincerely yours,

J. Owen Zurhellen, Jr.

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